consideration of the Government for introduction of any new small savings scheme.

The Government has since notified that the ceiling of Rs. two lakh per annum per investor for investments in "8% Relief Bonds, 2002" will not apply to investments by retiring employees, including those in the Private Sector, out of their retirement benefits. The entitlement for investment of retirement/ terminal benefits will be in addition to the annual limit of Rs. 2 lakh per investor otherwise available for investment. It has also been decided that any other savings attributable to employment can be invested by retiring/retired employees in Relief Bonds without any ceiling.

**TDS for Senior Citizens**

5036. SHRI KARNENDU BHATTACHARJEE: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned "Senior Citizens may not escape TDS" appearing in the Economic Times dated 25th April, 2002;

(b) if so, the details thereof and Government's reaction thereto;

(c) the reasons for putting such a stringent condition on the senior citizens already hit by the cut in the interest rates on small savings; and

(d) the steps, if any, proposed to be taken to provide them some relief?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Yes Sir. The Government are aware of the issues raised in the news-item appearing in Economic Times dated 25th April, 2002.

(b) The news-item raises the issue of liability for Tax Deduction at Source (TDS) on incomes received by way of dividend, payments of deposits under National Saving Schemes etc. incomes from interest on Securities and interest other than "interest on securities" and units as per the amendments proposed in the Finance Act, 2002.

The reaction of the Government is that the proposed amendments are intended to apply TDS where the total of incomes mentioned above exceeds the basic exemption limit, as in such cases, the investors would be required by law to file return of income showing such incomes.

(c) The condition is not stringent but is only intended to bring under tax-net such investors, whose income from such sources, as mentioned in Para (b)

exceeds the basic exemption limit. The new condition is not directed against any particular class of assessees. Those assessees, whose total income so justifies, may obtain certificate for no deduction of tax or lower deduction of tax from their Assessing Officer under the existing provisions of Section 197 of Income Tax Act, 1961.

(d) No such proposal is under consideration.

**TDS on rail pass facility**

5037. SHRI B. J. PANDA: Will the Minister of FINANCE be pleased to state:

(a) whether the railway staff, including retired officials, enjoying free railway pass facility would be taxed at source henceforth;

(b) if so, what are the salient features of the orders and the date from which it would be effective;

(c) the approximate tax amount per annum which Government would garner from the employees; and

(d) whether Government have received threats from railway employees for going on strike; if so, the measures proposed to be taken to educate and pacify them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) The Government has *vide* Notification S.O. 940(E) dated 25.9.2001 has amended rule 3 of the Income Tax Rules, 1962 whereby, the value of any benefit or amenity resulting from the provision by any undertaking engaged in the carriage of passenger or goods to any employees or to any member of his family for personal or private journey free of cost or at a concessional rate is treated as a perquisite to the extent of the amount that this facility costs to the public and reduced by the amount recovered from the employee.

Non-monetary perquisites are chargeable to tax only in the case of employees who draw gross salary above Rs. 80,000 per annum.

Tax is deducted at source on salary income at an average rate, in case the income of the employee is above the minimum limit for chargeability to taxation. If the employee is not liable to pay any tax on salary or is exempt from tax on perquisites, no tax is required to be deducted at source.

(c) By application of the provision of clause (6) of the amended Rule, 3, a sizeable amount of revenue is expected to be collected.